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BUDGET MAKING AND THE INCREASED COST OF GOVERNMENT

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The War for American Independence was one of a long line of Anglo-Saxon protests against irresponsible government. It was for the purpose of making our government responsible that our fathers set up a republic. This was a form of government which provided for frequent elections of officers for fixed terms. Belief in the efficacy of the principle of frequent elections for fixed terms is expressed in the constitutional provision that "the United States shall guarantee to every state in the Union a republican form of government." Belief in its efficacy caused Washington to decline a third term as chief executive. Not only have the American people accepted the conclusion that this method of control is well suited to the ends of a great democracy, but they have relied on this principle as a cure for all political ills.

Failure of Our Methods of Popular Control

For 126 years we have labored with this principle of popular control to make it effective. We have broadened the electorate; we have shortened official terms; we have increased the number of officers to be periodically chosen by the people; we have prohibited reelection of executives after the end of a fixed term; we have protected the ballot from corrupt practices; we have worshipped the fetish of "frequent elections for fixed terms" in various forms, only to find that we still have irresponsible government, so insidious and abhorrent to democratic ideals that practices under our republican régime have fairly earned for themselves the opprobrious name of "invisible government."

Examples of the Successful Application of the Electoral Principle

The fact that all our experiments with the electoral principle have been failures, however, should not discourage us. While we have clung to this one use, this one idea, with a blind faith that is quite un-American, others under less favorable circumstances have cast about and found methods for making electoral control over both the personnel and policies of government a marked success. Not one but many democracies have found the means of impressing

the will of a majority on their political agents, for making their governments both responsive and responsible. The easiest way to get a knowledge of the practical workings of methods of control that have been found effective is to go where they are used—to study them where for a period of years they have been in successful operation. This place may be Berne, the capital of Switzerland; it may be London, Paris, Rome, Athens; it may be South Africa or Australasia. Or, wishing not to go so far afield, we may simply cross our northern boundary; here, at our very door, in the provinces, and at Ottawa in the dominion government of Canada, may be found in successful operation the things that we seek. Here we may find visible government, and, as a result, responsive and responsible government, working under social and economic conditions quite similar to our own.

Canadian Experience

Let us go to Toronto, the capital of the province of Ontario. This province is the New York State of Canada. It is by far the most populous and wealthy of our northern neighbors. The country and the people are very like those on this side of the line in Ohio, Pennsylvania, New York, or New England. Let us go to Ontario when the government is holding its annual meeting, when representatives come together to find out what those entrusted with carrying on the business of the people have been doing, and to pass on their plans for another year.

The People in Session by Representatives

What would be heard and seen at one of these annual meetings of the Ontario government may best be told by following through a typical session like that of 1914. The Legislative Assembly of Ontario, as it is called, met February 18. After they had found out who were entitled to seats and the new members had been sworn in, the session was formally opened by a representative of the crown. This takes the place of the speech of the governor in our states. Then followed the organization of the committees and certain other formal things, so that it was not until February 26 that they were ready to take up the real business for which they had come together. The minutes of this day's session contain the following entry:

"On motion by Mr. Lucas, seconded by Mr. Hearst, *Resolved*, That the house tomorrow resolve itself into the committee of sup-

ply, and *Resolved*, That the house tomorrow resolve itself into the committee of ways and means."

Visible Government

This simple entry is full of meaning. It means that in Ontario, in each of the provinces of Canada, in the dominion government, in all other countries where similar methods are used, there is no such thing as "invisible government"; that their method of holding officers to account is to call them before the bar of the house at public session. The motion quoted is the notice given by the chief executive to the representatives of the people: (1) that he is ready to report to them on what has been done and what has been spent during the last year, together with his views on what work and expenditures should be undertaken for the next year, and (2) that he is ready to report to them how past expenditures have been financed and how it is proposed to finance the new appropriations asked for. This motion means that the resolutions, if passed, thereupon become the "order" of each following day; and that when the main business of the Assembly comes up, it will come before the whole house sitting informally as a committee, so that every member may be privileged to ask all the questions of responsible officers of the government that he may care to. At each session when it comes to the "order of the day" the house may resolve itself into a committee of the whole if it cares to take up this business. When in informal session to consider expenditures it calls itself a "committee of supply"; when in session to consider revenues and borrowings it calls itself a "committee of ways and means." These are simply names given to indicate what subject is to be discussed at the meeting.

The Executive at the Bar of Public Opinion

But the significant thing is that the chief executive by making the motion indicates that he is ready to report, and after this notice has been given it is in order for the house to call officers to the bar in committee of the whole house as often as it may wish till the business is disposed of.

Open-handed Fair Dealing

There is another practice not to be lost sight of. After the executive has signified that he is ready to report, opportunity is given at each session, before the "order of the day" is reached, for

members to ask "*questions*" of heads of departments, to be "*answered*" on the floor; also in case an officer is not prepared to answer at once, opportunity is given to members to obtain "*orders*" that the officer shall make "*returns*" on a future day to the questions that are deferred. On February 27, the day following the proposed resolutions, "*questions and answers*" and "*motions to make returns*" began. The whole theory of parliamentary practice there is that every representative of the people must be given a chance to get all the information he desires, so that in case there is any reason for criticising the government, this may be done openly and publicly. But there is another principle of quite as great importance to the country, namely, that an officer shall not be attacked in the legislature without being given an opportunity to explain and defend his action. The criticism must be made when the officer criticised is present. Such a procedure is of advantage both to the people, for the information of the electorate, and to the officer; it brings to the surface all those undercurrents of gossip, those disturbing rumors which, without such procedure, may carry the best of administrations on the rocks. It does away with ill-defined, underhanded methods of attacking officers who, while devoting themselves to the public service, are being assailed by canny persons seeking public office. It means open-handed fair play for the servants of the people and open-handed fair dealing with the public, as well. It means that members of the legislature are to be called to account as well as executive officers. How this method works out appears later.

The Budget and the Budget Speech

On March 2, Mr. Lucas, the treasurer of the province, gave notice that the next day he would make his financial statement. This was done to give everyone a chance to be there. The method of getting the accounts and the estimates before the house was this: Just before the "*order of the day*" was reached on March 3, the report of the auditor—the "*public accounts*"—were submitted and referred to the standing committee on public accounts. This placed in the hands of members of the Assembly a printed detailed analysis of expenditures of the last year. Then the "*order of the day*" for the house to resolve itself into a committee of supply having been read, Mr. Lucas moved "*that Mr. Speaker do now leave the chair and that the house resolve itself into a committee of supply.*"¹ At the same time Mr. Lucas had placed on the desk of

¹ *Proceedings of the Assembly of the Province of Ontario, 1914.*

each member of the legislature a copy of his estimates. In support of his motion "that Mr. Speaker do now leave the chair," the provincial treasurer made what in Ontario is popularly known as the "budget speech."²

The Import of the Budget Speech

The budget speech does two things: it explains and interprets what has been done and what is proposed; it is the opening gun-fire of the party in power to locate the batteries of the Opposition. As a matter of parliamentary practice it is assumed that it is of great advantage in a democracy to have publicity given not only to what the government is doing, but also to locate any smoldering discontent that may manifest itself in a camp hostile to the government. So we find that the one who makes the budget speech steps out on a public platform before all the representatives of the people and the representatives of the press, who are given a place in the assembly hall; and while explaining what has been done and what is proposed, he throws down the gauntlet to all comers or invites attack from any and every quarter. And, to make sure that he may draw the fire of any hidden opposition, he begins by attacking those who have shown themselves to be hostile by taking seats on the opposite side at the meeting.

Methods Used to Develop the "Opposition" to the Administration as a Whole

To make this quite clear let us follow the budget speech of Mr. Lucas. After the few preliminary references, the treasurer introduces his subject by saying:³

² It is to be noted that in the province of Ontario the budget is submitted with the estimates for appropriations, whereas in England the expenditure estimates are submitted at the beginning of the session (December or January) and it is not until April (after the expenditure estimates have been discussed for weeks in the committee of supply) that the "budget" is submitted and the budget speech delivered. The procedure of the house in both cases, however, is practically the same. In each case the expenditure estimates are thoroughly gone over and votes are taken, item by item, on them under the "order of the day" that the house resolve itself into a committee of supply. It is not till the government knows what expenditures are approved by a majority and what are disapproved that the plan of financing is brought in, and then this plan as the "budget" is taken up under the "order of the day" that the house resolve itself into a committee of ways and means.

³ *Financial statement of the Hon. I. B. Lucas, treasurer of the province of Ontario, delivered on the third of March, 1914, in the Legislative Assembly of Ontario, in moving the house into a committee of supply, p. 4.*

Although the estimated revenue that I presented to the house last year was substantially less than the estimated expenditure, I made the prediction then that the actual receipts would prove better than the estimates that I was submitting. I said then you would find the estimate of revenue increased and the estimate of expenditure decreased. The house now, with the schedule of Receipts and Expenditures and the Public Accounts giving all details before them, will be glad to observe that in neither direction have we been disappointed. . . .

The total ordinary receipts for the province for the year closed, as per the schedule in your hands and in the Public Accounts, are \$11,188,302.09, and the total ordinary expenditure \$10,868,026.28, leaving a net surplus of ordinary revenue over ordinary expenditure for the year of \$320,275.81, and a balance of \$2,406,006.20 in cash to our credit in the bank. (Applause.)

I assume that honorable gentlemen opposite who, a year ago, with perfectly serious faces told us that for the year now closed the ordinary expenditure would exceed the ordinary revenue by two to three millions of dollars will be delighted with the actual result. (Laughter.) . . . During recent years there seems to have been necessity for frequent changes in the personnel of financial critics for honorable gentlemen opposite. (Laughter.) A new man is tried out each year. The honorable member from West Northumberland (Mr. S. Clarke) held the post one year only, but he found it was no joke to be financial critic, and besides it soon developed that he had a past political history that was not calculated to qualify him for the position or make him feel comfortable in it, and so he was withdrawn. My honorable friend from Middlesex (Mr. Elliott) was then tried out. He got away to a good start by prophesying that there would be a deficit of \$3,000,000. The actual result showed a small surplus. So bad a guess as that put him out of the running, and he was duly withdrawn. So they go down the line, and my honorable friend from North Bruce (Mr. C. M. Bowman), being the next in the row, is apparently to be tried out this year. But he also has a political history. . . .

Time has shown that all the gloomy forebodings of these various critics were not warranted, and although my honorable friend, the Leader of the Opposition, had due notice that the financial statement would be made this afternoon, he is not in his place, either to criticise or hear such explanations as may seem necessary or desirable in order to make clear the financial operations of the province for the past year. I ask no better evidence that he knows the finances of this province are all right. The Public Accounts show every detail of every transaction. But, Mr. Speaker, I should have liked to have my honorable friend here this afternoon to read to him and to my honorable friend from Middlesex, the critic of last year, the gloomy prophecies then made, the criticism then offered, and compare them with actual results as we now have them. I am sure they would both feel inclined to apologize to Ontario. The best excuse, I fancy the only excuse, my honorable friends opposite can give for these gloomy prophecies—it is the only one that could be offered—is that things are never nearly so bad as they seem—to an Opposition. (Laughter.)

The very evident reason for these remarks was to arouse the Opposition. This is the very evident reason that lies back of nearly one half of the comments made by the provincial treasurer on the schedules presented to the Assembly. He shells the positions of the Opposition to locate their batteries, to get those who had taken

sides against the government to fire off all the ammunition which they have accumulated since the last meeting of the Assembly. To this end much was made of published statements and reported speeches of members of the Opposition to their constituents. Special attention was given to those members who had an interest in newspapers which were hostile to the government. The main thread of the speech, however, was an explanation and interpretation of a carefully prepared summary of revenues and expenditures (actual and estimated) and of a balance sheet which was in the hands of members at the time the speech was made. And these in turn were supported in very great detail not only by the auditor's report, but also by the reports of various heads of departments who had been getting ready for the session for months before the Assembly met.

Testing the Leadership Before Considering the Budget in Detail

It is to be observed that the motion "that Mr. Speaker do now leave the chair" was not put to a vote at once. Time was given the Opposition to muster their forces—to develop their plan of attack and by "question and answer" and "motion and order" to get from the government all the statements and admissions desired before the assault. Finally on the 10th, one week later, the leader of the Opposition led the assault. It was moved and seconded by the Opposition that all the words after "that" of the original motion, which had been made by the provincial treasurer on March 3, be stricken out and the following be substituted:

This house disapproves and protests against (1) the presentation to the house by the Honorable, the Provincial Treasurer, of his financial statement, which does not fairly set forth the character of the financial transactions of the government; (2) the extravagant and wasteful expenditures of public money by the government. . . .

To have carried this amendment would have meant that a majority of the representatives of the people had lost confidence in the personnel charged with the management of public affairs and that, therefore, they did not care to have them submit their plans for the next year; this would have meant also that executive officers would have been forced either to resign or to call a new election on the theory that members of the assembly did not represent public opinion.

After debate on this motion on the next day Mr. Hearst (for the government) moved that all the words of the proposed amendment be cut out and the following be substituted therefor:

This house congratulates the public and the province on the fact that, under the administration of public affairs by the present government, no such system as the spoils system has any place.

He then proceeds further in the proposed amendment to the amendment to announce the policy of the government with respect to civil service. This motion carried. Then the motion made by Mr. Lucas on March 3 that the speaker do now leave the chair was put and carried.

Hearings on the Estimates Before the Whole House

All this was to clear the decks for action, for the consideration of the details of the estimates which were not taken up in committee of the whole house. These were considered in detail, each section being marked off on the margin for a separate vote. The purpose of doing so is to enable the government to have them taken up and discussed in committee of the whole house, in an orderly manner, and to develop any opposition there may be to any item. For example, the first section marked off for separate vote is the details of estimates for the "Lieutenant-General's Office"; the second section is the details of estimates for the "Department of Prime Minister and President of the Council," etc., etc. The estimate which actually came before the committee of the whole house for the "Department of the Prime Minister, etc.," was as follows:

I. CIVIL GOVERNMENT

No. of Vote	No. of Item	SERVICE	Salaries and Expense	
			12 Months Ending Oct. 31, 1915	12 Months Ending Oct. 31, 1916
2		DEPARTMENT OF THE PRIME MINISTER AND PRESIDENT OF THE COUNCIL		
	1	Deputy Minister and Prime Minister's Sec'y	\$2,900.00	\$2,900.00
	2	Clerk	—	900.00
	3	"	825.00	825.00
	4	"	725.00	725.00
	5	Messenger for Executive Council and Care- taker	1,400.00	1,400.00
	6	Contingencies	3,000.00	3,000.00
		<i>Office of the Executive Council</i>		
	7	Clerk of the Executive Council	Transferred	2,900.00
	8	Assistant Clerk of Executive Council	from	200.00
	9	Chief Clerk	Attorney- General's	1,600.00
	10	Clerk	900.00	
	11	Contingencies	Department	300.00
			\$6,850.00	\$15,650.00

Developing the "Opposition" in Detail

From this it will be seen that it is proposed to add one more clerk to the "secretary's office"; and to add by way of transfer four additional clerks to the office of "executive council." It is submitted in this form in order that the estimate may be placed before the house item by item; in order that the executive whose estimate is being discussed may be there in person to explain and answer all questions; in order that the government may have recorded an informal vote in committee of the whole house which will not only bring out the Opposition but also bring out the case of the government and put each member on record. This is done with the press and with the public present. This is publicity. This is visible government. This is also responsible government, for every member of the cabinet must come there prepared to defend each item in the estimates. No matter what differences of opinion may have developed in the cabinet during the course of preliminary discussion of estimates; no matter how much the initial estimates of a particular department or of a particular member of the cabinet may have been cut by the cabinet as a whole; no matter what differences of opinion may have developed, before the estimates were submitted, on matters of policy, after decision has been reached as to the form of estimates, each member of the government must accept this decision and come before the Assembly prepared to vote as one man. In case any member does not accept the principle of solidarity of executive responsibility, as expressed in the estimates, he must resign beforehand. The cabinet must be as a man in its leadership, and that man the prime minister, through whom both accountability and responsibility are to be enforced.

The Conclusion Reached

Debates were continued under the "order of the day" in committee of supply until April 24, when a resolution was passed in form as follows:

Resolved, That a sum not exceeding \$———— be granted . . . to defray the expenses of ————— for the year ending —————.

This ended the deliberations of the house in the committee of supply. Immediately following and under "order of the day" the house resolved itself into the committee of ways and means and passed this resolution:

Resolved, That there be granted out of the consolidated revenue fund of the province a sum not exceeding \$————— to meet the supply to that extent granted. . . .

Passing the Act of Appropriation

The speaker then resumed the chair and Mr. Ferguson reported that the committee had come to a resolution. The resolution was ordered received forthwith and, continuing, the record recites:

The following bill was introduced and read for the first time (Bill No. 199) entitled: An act for Granting . . . Certain Sums of Money to Defray the Expenses of Civil Government for the Year Ending 31 October, 1914 (deficiency), and for the Year Ending 31 October, 1915 (Regular Appropriation), and for other purposes therein mentioned. Ordered read a second time forthwith. Bill read a third time and passed.

Comparison With Our Own Involved Practices

This brief description will give an idea of the simplicity, the directness, the publicity with which the main business that came before the Assembly of the province of Ontario for the year 1914 was despatched. It is also generally descriptive of the procedure used at each session not only in the province of Ontario, but also in every other province of Canada. It is generally descriptive of the simplicity of procedure used in handling the business of the dominion parliament at Ottawa. It is characteristic of the simplicity of procedure used in the British Parliament, the French Chamber of Deputies, and in every other country where visible, responsible, and responsive government is in practical operation. Compare this procedure with the involved, the occult, the invisible methods that have been worked out in our federal government and at each of our state capitals. Compare the direct dealings of representatives with members of the administration under the one system and the underhanded, indirect, log-rolling, pork-barrel dealings of representatives with members of the administration and with each other under the other. Compare the results in effectiveness for enforcing accountability, for developing leadership on the one hand, with the lack of accountability and lack of leadership on the other. Can there be any doubt as to which method is preferable?

The Utilization of the Press for Purposes of Publicity

In the province of Ontario no provision is made for having long-winded speeches printed and circulated by members among their constituents. Everything is as open and direct, as straightforward—

ward and businesslike as a meeting of a board of directors of an ordinary business corporation. What is said is held to the point of the business in hand. There is not even a minute kept of the speeches. The record only shows the action taken or the result achieved. The theory of this practice is that if members are given leave to print or a record is kept of the speeches of those who are there to look after the interests of the commonwealth, this will put a premium on "oratory" as distinguished from "business"; that a large part of the time of the Assembly will be wasted by "wind-jammers" who are trying to make a record to send back home instead of giving attention to the affair in hand. Ample opportunity is given, however, for publicity by having the business in hand publicly discussed with the representatives of the press in attendance.

What Makes Front-Page News

A matter which is being discussed between members of a standing committee and behind closed doors, as is the practice in our legislatures, seldom has any news value; if any opportunity is given for public attendance the discussion is largely academic, and academic discussion is not front-page news. In these committee discussions or inquiries no one assumes responsibility for a definite proposal until the committee reports, and then it is the report of a bipartisan, star-chamber proceeding. The bill is presented, not as an administrative measure, but as the proposal of its chairman who has no responsibility for administrative results. His committee may be one of a large number of committees reporting bills for appropriations on different subjects. They are usually reported toward the last end of the session with a voluminous record of hearings that no one has time to read. A large part of what has happened in the committee room never gets into the record. Seldom has a member of the legislature opportunity even to read the bill. When it is presented it comes up as a part of a program of the party in power, is jammed through by gag-rule, and becomes law before even the legislature itself knows what has happened. Then the country looks to the executive to protect it against legislation and acts of appropriation that are positively vicious.

Contrast of the American and Foreign Press

Not only does the procedure worked out in our federal and state governments suffer by comparison, but so also do our various news

agencies. The events that make news are those which have human interest. There are two things that always make news: one is a fight; the other is a scandal. A dog fight on the street may make news if each dog has a responsible backer. The events of a cockpit make news. Unimportant nobodies become news when they go into a public ring. The more important the parties contestant, the more important the news. When the head of a great government takes a position on a public platform before the chosen representatives of the people and issues a challenge to one and all to come and attack him, any issue joined becomes news that may travel on wires around the world and the next day be before every reader at his breakfast table. This is political news that cannot be kept out of the daily press. Given a parliamentary procedure, such as has been described, which is adapted to bring out everything that is scandalous and derogatory to persons of high positions and to make accusations the subject of "trial by battle," we need not be at a loss to understand why it is that "visible" government develops a press which prints political news.

Budget-Making and Increased Cost of Government

Let us approach the subject of budget-making as a cure for "invisible" government from another angle, that of increasing cost. Increasing cost is the necessary accompaniment of our constantly increasing public service. Expenditures have increased in countries where budgets are used as well as in countries where budgets are not used; but a budget procedure means careful executive planning and independent legislative review and criticism. A budget means careful executive spending; it means strict accountability; it means publicity; it means administrative preparedness. The budget is a device for requiring the executive to assume responsibility for leadership. Lack of responsible leadership and lack of administrative planning means waste of public resources.

Continuity of Policy

Provision for open-handed fair dealing and publicity, with provision for the prompt retirement of officers who do not retain the support of a majority, makes for continuity of policy and stability of political purpose. Lack of open-handed fair dealing and lack of publicity, without provision for prompt retirement of officers who do not retain the confidence of the people and their representatives, makes for lack of continuity of policy and instability of political purpose.

By way of contrast, let us again return to the province of Ontario. Although provision is made for keeping the Opposition constantly on the alert, and every opportunity is given for well-informed criticism, the fact that the administration is placed on trial at every meeting of the Assembly and may be retired at a moment's notice by a vote of lack of confidence has not made either for lack of continuity or for instability. The present administration has been in office eleven years; the administration immediately preceding this one was retained in office more than thirty years.

Lack of Confidence Here Goes to Our Institutions

Compare this with what has happened in New York State or Pennsylvania or Ohio, in fact in all of the American cities or the national government. By reason of the lack of opportunity given for public opinion to assert itself, it has become the habit of mind at each election day to turn out the administration, simply as a means of registering a public protest against our system of invisible government. Furthermore, not a year passes but that some action is taken in one state or another to limit the powers of the executive on the one hand or the powers of the legislature on the other. Our constitutions are largely made up of statements of what the government cannot do or undertake. Instead of being documents of power with provisions made for enforcing accountability and responsibility for its use, they are documents of limitations—of inhibition of power. They are built on lack of confidence on the part of the people in our whole political system.

The Question of Waste of Public Resources

While increase in public service carries with it increased expenditures, it is not necessary that the business shall be transacted in such a manner that public resources shall be wasted. Without responsible leadership waste is inevitable. During the whole period of our national existence there has been waste and extravagance in the management of public affairs. From all the facts on hand it is apparent that the percentage of waste today is not as high as it was fifty years ago, but it is very much larger in amount. Reference to Senator Aldrich's sensational declaration that if he could run the national government as a private business he could save \$300,000,000 a year has become hackneyed. This is to be said, however, that those who have made light of the observation have not attempted to do more than prove that it is excessive. All

admit that the waste of national resources runs into many millions, which otherwise might be used to promote the welfare of the people. All admit that these millions are worse than wasted because they are used to subvert and defeat the purposes of democracy.

Waste in the Federal Government

During the two years of the existence of President Taft's Economy Commission a number of federal services were gone into. In the offices at Washington, where careful detailed studies were made, it was thought by the commission that the average waste was not far from thirty per cent. Only a small part of this, however, could be traced to what might be called "individual inefficiency." To stop this waste and make it available for increased public service would require a thorough overhauling, which must begin with Congress and go through the personnel of administration to methods and processes of business that have been handed down from time immemorial.

For example, the adjutant general's office of the War Department was run at an annual salary of \$781,000. It was thought that by changing the methods in use the work might be done much more efficiently at an annual cost of \$480,000. The office force was found to be widely scattered and the personnel of the different units of organization so located that their work could not be done to advantage. As an illustration of defective method it was shown that the working subdivisions were so arranged that a constant interchange of communication between these subdivisions through the medium of an elaborate messenger service was necessary.

The Results of Irresponsible Government

Again as illustrating the laborious methods used, the course taken by the average piece of correspondence, due to bad organization and obsolete methods, necessitated forty operations in the mail and record division, besides thirty-nine operations in those divisions which have to take administrative action in the case, a total of seventy-nine operations in connection with the handling of the average piece of incoming correspondence from the time it is received in the office until the reply is prepared. Substantially all letters received in the office were briefed on the back of the first fold and the purport of each written on index and record cards, on which work of briefing nearly sixty clerks were engaged all of the time. In respect to outgoing correspondence this card recording was car-

ried to a much greater extent. A verbatim card record of every communication was prepared, at an expense of course very much greater than that sustained in regard to incoming correspondence. Under this practice practically all letters and indorsements were written twice; the first copy written on the record card, frequently by hand, constituting the record of outgoing correspondence, and the second the final draft of the letter in form for transmission to the addressee. These same handicaps to efficient and economical administration existed in each of the divisions and subdivisions, a consolidation of which would have greatly simplified the work.

As showing a wasteful use of valuable office space, it was found that seventy-six good office rooms in the state, war, and navy buildings were used for the storing of old and infrequently-used records, while the personnel engaged on current business had been forced to occupy quarters scattered in about six different buildings in different parts of the city.

Disregard for the Personnel Who Do the Work

In many instances the working force was rendered inefficient by badly lighted, badly ventilated, and insanitary quarters,—one building being so unsafe as to be a constant menace to life, having been condemned both by the health and building authorities of the District of Columbia. The following description of one of the suites of rooms used is taken from the health inspector's report:

This is used as a file room and eight men are employed in it. In the toilet room adjoining, five men are employed on printing presses. This room is provided with three windows and one door, but is very dark and contains the following fixtures: three water-closets, automatically flushed; four wash-bowls with combined trap, and one slop sink. The floor around the closet bowl is covered with sheet iron, which at the time of inspection was in a foul condition. The entire floor is continuously lighted during working hours by artificial light.

Disregard for the health and working efficiency of employees under our system of irresponsible government is also shown by the results of analyses of seventeen samples of water collected from "coolers" and waste cans sent to the bureau of chemistry. From their reports it was found that in eight of the seventeen tests *bacilli coli* were found—in other words, the germs that find their origin in the human intestinal tract—and that in some instances it was more safe to drink out of the waste cans than it was to take water from the coolers.

The waste and inefficiency discovered were seldom attributable

to any particular person. They were the results of an inheritance of bad methods. An elaborate system of records and office practices had grown up under conditions of civil service that utterly broke down in time of war; in fact it could be operated only when the War Department was on a peace footing. After the Spanish War it took three years to straighten out the red tape that had become entangled when the system was really put to a test.

Waste Due to Log Rolling

In the field, that is away from Washington, it was thought by the commission that the waste was still larger. There are few well-informed persons who will doubt that not less than fifty per cent of the hundreds of millions of dollars that have been appropriated for rivers and harbors has been wasted. Due to what are known as log-rolling and pork-barrel methods, the losses from bad location and lack of planning, naval expenditures and war expenditures have been large. Navy yards are located at points where large vessels cannot enter, army posts are scattered all over the country at points which make them of little use for purposes either of training or for carrying on the movements of the army.

Political Influence Under Conditions of Irresponsible Leadership

In 1913 a detailed study was made of the expenditures at the port of New York, under Mr. John Purroy Mitchell as collector, and the conclusion was reached there that the waste was thirty-five per cent. By some it was thought that this condition is peculiar to large spending units. A large number of small local governmental agencies, such as counties, townships, towns, and cities have been studied by the Bureau of Municipal Research during the last ten years. In many of the smaller governmental units a still larger percentage of waste has been found than in the centers of large population. In a few instances the waste has amounted to nearly one hundred per cent. That is, the public got practically nothing out of its contributions to support the government; almost the whole amount went into the pockets of favorites as patronage or was aimlessly frittered away.

For the first time we are beginning to find the limits of our economic resources. Until the present time our resources were so abundant that the rising cost of public enterprise, of unpardonable waste and extravagance, has drawn slight attention to the need for economy or to the need for careful planning. When our

limitations were felt those who pointed to waste and urged economy were the first to receive attention. But as the business of government was studied by those interested in economy and the need for increasing expenditures in any event, even after economies were introduced, became apparent, then thought began to turn to management, to the need for planning, to providing a means for intelligent consideration of work to be done, of organization for doing work, of methods and results, to an essential defect in the old order of things,—the lack of a definite program of work, the lack of a definite forecast both of estimated expenditures and of ways and means for raising funds to make ends meet.

The Beginning of Consideration of Budget Making

This attitude of mind marked the beginning of an era of propaganda for a budget procedure in the United States. It began with the cities where the demand for economy was first felt, and it began with a scrutiny of estimates for expenditures. In fact, many cities now call their estimates of expenditures and appropriations their budgets. So in discussing expenditures of national and state governments both writers and officers use the term "budget" as designating a request or authority to spend. When, however, the necessity for better management and the idea of planning public business began to take hold, with it came a demand for responsible leadership and for the means of enforcing responsibility. Then for the first time we began to appreciate the significance of the procedure worked out in England and continental Europe, which gave to representatives of the people the ability to hold executives to account by requiring them each year to submit a carefully prepared financial plan.

Increasing Expenditures Make an Effective Budget Procedure a Political and Economical Necessity

The political necessity for the adoption of a budget procedure lies in the fact that it is the only effective means which has ever been devised for enforcing accountability and responsibility on an executive who has sufficient power to make him a leader, i.e., to make him effective in the preparation and submission of plans proposed for adoption and to enable him efficiently and economically to execute them after they have been approved and financed. The economic necessity for the adoption of a budget procedure lies in the fact that demands for service by the government are going to continue

to increase and with this the necessity both for careful, intelligent planning by the management and a strict censorship on the part of those who pay the bills.

And the public is beginning to take a new, a more intelligent, view of who pays for extravagance and waste. Before we began to feel our economic limitations it was thought that the taxpayer was the one who suffered; we were deluded ourselves with the notion that this taxpayer was some foreigner who was glad to pay the cost of running our government. This view is rapidly disappearing, as we begin to look the facts in the face. Our indirect taxes no longer suffice; when we begin to look for increased revenues from direct taxation, we are constantly confronted with the possibility of killing the goose that lays the golden egg. There is nothing more firmly fixed in our political sense than the notion that industries are made and ruined by different rates of taxation levied on one or another in a competitive market. Depression in industry hits not alone the taxpayer, but the laborer, the consumer, the whole community.

From the theory, therefore, that we little care about the cost of government, we have come to measure results and say that the government must be held to strict account for expenditures, that every dollar squandered or wasted means that some one who can least afford it is being deprived of a community service to which he is entitled, that the poor man is being robbed by the grafter and the incompetent official and not the rich, that waste in government is a levy on the poor.

Essentials of An Effective Budget System

In considering the essentials of a budget system or method of finance, it is at all times to be remembered that it has been devised and used as a means of effectively exercising popular control over the executive. But it is also to be held in mind that it is a method adapted to the effective exercise of control over an executive who is looked to as a leader, and a leader is required to take the initiative in planning the work and finances of the government as well as in the execution of plans. A budget procedure has never been used and is not adapted to use in a government in which leadership, i.e., initiative, is taken away from the executive, and in which the legislature is both the proposing and the disposing agent, relegating to the executive the negative function of a veto.

Perhaps this paper should not be closed without a categorical

statement of what are conceived to be the essentials of an effective budget system. Briefly they are:

1. An executive who is responsible to the people for leadership in making, submitting, and explaining a public service and finance plan or program for the government, but who has no power to execute the plan until it is approved by a majority of a representative body.

2. A body of representatives who are responsible to the people for inquiring into what has been done with funds already granted, and critically reviewing plans for service submitted as well as methods of financing, and who will withhold their approval to an appropriation or revenue measure before them until it is amended and presented in such form as to gain the support of a majority.

3. The adoption of a procedure requiring that the executive meet with the representative body and present and explain his accounts, his estimates, and his proposals to them early in the session in committee of the whole, so that every opportunity may be given for an intelligent opposition to develop, and for the further purpose of enabling the administration to publicly meet the opposition before any one is required to assume responsibility for final action.

4. Provision whereby any important issue may be settled either between the executive and a majority of the representatives of the people, or, in case this is not possible, by having the issue referred directly to the people at an election to determine which of the partisans to the controversy will be retained in the public service, the essential purpose of such action being to make the government responsive to the will of a majority, and to put the administration into the hands of persons who are in sympathy with the policy adopted.

What Steps are Necessary to the Adoption of an Effective Budget Procedure in this Country

The question is asked, What steps are conceived to be necessary to the adoption of an effective budget procedure in our federal and state governments? In theory, it may be conceived that all these steps may be taken without constitutional amendment; that is, the legislature might require the executive to take the initiative in the preparation and submission of estimates and financial proposals; the legislature might provide for their consideration in a committee of the whole house or joint committee of both houses where two

houses exist; the legislature might withhold its consent to an appropriation or revenue measure till it is amended by the executive in a manner to gain the support of a majority; and the legislature might provide for reference to the people in case of a deadlock.

As a practical matter, however, it is doubtful if any of these things, except possibly the first, would be done.

If an executive might assume that he has a right to prepare and submit a budget, as did President Taft and as Governor Whitman does now, the legislature, following its customary practice, would in all probability refer it to a standing committee where it would be lost sight of forever, or, if it appeared at all, it would come to light toward the end of a session so far disfigured by legislative patches and shears that it could not be recognized. In that event, every good that could come from a budget would be lost. The legislature might pass a law requiring the executive to prepare and submit a budget, as in Ohio, in which event the measure would be relieved from initial hostility such as was expressed in Section 6 of the federal sundry civil appropriation bill of August 24, 1912, aimed to prevent such an attempt on the part of the executive. But the result would be little better, for it would not mark out a new practice, which would require the executive to take the part of a responsible leader, nor would it take the steps to prevent log-rolling among members, nor would it provide the means whereby the executive on his motion or the legislature by joint resolution might refer an issue to the people.

Furthermore, to be effective as a measure for enforcing responsibility and making the government responsive, it must reach to the people, it must provide the means whereby the executive may know what the opposition is, measure it, assume responsibility for leadership so that he will stand or fall on the action taken, and with all this he must be able to get a question of policy before the electorate when a majority of the representative body is against him. Correspondingly, the legislative body should have the same right of appeal to the electorate in case of what they consider an arbitrary veto or other action which causes a majority of them to lose confidence in the executive. These working relations can be effectually established only by a constitutional amendment.

Given, however, a constitutional amendment requiring the executive to submit a budget, and the legislature to meet with the executive as a committee of the whole to receive and consider it; given also an equal right on the part of the executive and the legis-

lature to call a new election at which any irreconcilable issue may be submitted, a majority vote thereby deciding both who shall be the executive and who shall represent them in the legislature, all other things would be added as a matter of current working adjustment.

Such a constitutional amendment might be initiated by the legislative body. But in all probability it will not until a campaign of education has been carried on which will force it as an overwhelming demand of the people.

This thought may be left in closing, namely, that until some such provision for making the "electorate" and the "representative body" effective instruments of control over the executive, the people will not sanction an increase in executive power sufficient to make him a responsible leader. They would prefer to continue to suffer from the results of inefficiency, log-rolling, pork barrel and all, rather than tie themselves up to an executive for a fixed term who could not be called sharply to account. The recent experience in New York may be pointed to as confirming this view. But if this be thought to be a too recent or too narrow experience, it is confirmed by a thousand years of Anglo-Saxon experience.